



NEW ZEALAND

Government Inflation-Indexed Bonds

(For maturities other than 15 February 2016)

INFORMATION MEMORANDUM

INFLATION-INDEXED BOND DESCRIPTION

New Zealand Government Inflation-Indexed Bonds (“the Bonds”) are New Zealand Dollar bonds whose value is adjusted in line with movements in the Consumer Price Index. Coupon Interest is payable quarterly in arrears on the Capital Value of the Bonds. On the Maturity Date, the final payment of Coupon Interest and the Final Payment on Maturity are made.

This Information Memorandum does not apply to the New Zealand Government Inflation-Indexed Bonds with a Maturity Date of 15 February 2016.

ISSUER

Her Majesty the Queen in right of New Zealand (“the Crown”).

RATING

As at the date of this Information Memorandum, the Bonds are rated AA+ by Standard and Poor’s Ratings Group, AA+ by Fitch Ratings and Aaa by Moody’s Investors Service.

DEFINED TERMS

Capitalised expressions used in this Information Memorandum and not otherwise defined, have the meanings given to them in the Glossary of Terms set out in clause 10 of this Information Memorandum.

This Information Memorandum is dated 29 October 2014.

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1. INFLATION-INDEXED BOND DESCRIPTION

1.1 DESCRIPTION

The Bonds are New Zealand Dollar bonds whose value is adjusted in line with movements in the Consumer Price Index. Coupon Interest is payable quarterly in arrears on the Capital Value of the Bonds. On the Maturity Date, the final payment of Coupon Interest and the Final Payment on Maturity are made.

The Bonds are issued on the terms set out in this Information Memorandum.

This Information Memorandum does not apply to the New Zealand Government Inflation-Indexed Bonds with a Maturity Date of 15 February 2016.

1.2 ISSUER

The issuer of the Bonds is the Crown.

Pursuant to Part 6 of the Public Finance Act 1989 (“the Act”), the Minister of Finance has authorised the borrowing of money by way of the issue of Bonds. Bonds will be issued in terms of this Information Memorandum and Part 6 of the Act, whereby Coupon Interest, the Final Payment on Maturity, and any other money payable on the Bonds are a charge upon and payable out of the revenues of the Crown.

Bonds may be issued on behalf of the Crown by the NZDMO from time to time, subject to the applicable terms of this Information Memorandum, by syndicated issue, tender, private placement or otherwise.

1.3 REGISTRAR

The Registrar is Computershare Investor Services Limited.

1.4 CHANGES IN REGISTRAR

The Crown reserves the right to appoint another party as the Registrar or for the NZDMO to perform those functions. In such circumstances, Bondholders will be advised of such a change.

2. COUPON INTEREST

2.1 COUPON INTEREST FREQUENCY AND PAYMENT PROCESS

Coupon Interest is payable quarterly in arrears on each Coupon Interest Payment Date.

Subject to the next paragraph:

- the first Coupon Interest payment on Bonds will be calculated on the basis that there is deemed to be a full quarter between the Issue Date of those Bonds and the first Coupon Interest Payment Date following the Issue Date of those Bonds; and
- Coupon Interest will be paid on the first Coupon Interest Payment Date following the Issue Date of those Bonds.

For Bonds issued during the period after a Record Date up to, but not including, the Coupon Interest Payment Date immediately following that Record Date, Bondholders will not be paid Coupon Interest for the period (deemed or otherwise) between the Issue Date of those Bonds and that Coupon Interest Payment Date.

The formula for the settlement price for Bonds in clause 6.1 of this Information Memorandum takes into account the payment (or non-payment) of Coupon Interest detailed in the two preceding paragraphs.

If Bonds are held through NZClear, Coupon Interest will be credited to the NZClear members who are the holders of the Bonds on the Record Date immediately prior to the relevant Coupon Interest Payment Date by crediting the relevant member's NZClear cash account.

For all other Bondholders, Coupon Interest will be paid to the Bondholder Registered on the Record Date immediately prior to the relevant Coupon Interest Payment Date by crediting an account nominated by the Bondholder at any Registered Bank in New Zealand.

With regard to payment of Coupon Interest, the Registrar will accept written instructions from Bondholders provided they are received prior to the Record Date.

If bank account details have not been provided to the Registrar, Coupon Interest will be withheld until account details have been provided. No additional interest will be paid on any amounts withheld.

If a Coupon Interest Payment Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

Coupon Interest will cease to accrue on the Bonds from the Maturity Date.

2.2 COUPON INTEREST CALCULATION

Bonds bear Coupon Interest at the Coupon Interest Rate which is calculated on the Capital Value of the Bonds (where Capital Value = $N \times K_t / 100$ (and N and K_t are defined under clause 6.1 of this Information Memorandum)). Coupon Interest payments for each Bond on each Coupon Interest Payment Date will be calculated on the following basis:

$$\text{COUPON INTEREST} = r \times N \times K_t / 100$$

where r is as defined under clause 6.1 of this Information Memorandum.

2.3 CPI REVISION

If there is a revision to the CPI used to calculate any amount or payment of Coupon Interest then the Issuer will recalculate such amount or payment and determine the difference between the amount calculated or payment made and the amount or payment that should have been calculated or paid under the revised CPI.

If a revision to the CPI results in a reduction to the CPI, the Issuer will recover from Bondholders the difference between the amount that was paid and the amount that should have been paid under the revised CPI. The Issuer will recover the difference from the payment of Coupon Interest on the first Coupon Interest Payment Date following the announcement of such a revision from the Bondholders Registered on the Record Date for that Coupon Interest Payment Date.

If a revision to the CPI results in an increase to the CPI, the Issuer will pay to Bondholders the difference between the amount that was paid and the amount that should have been paid under the revised CPI. The Issuer will pay the difference on the first Coupon Interest Payment Date following the announcement of such revision, to the Bondholder Registered on the Record Date for that Coupon Interest Payment Date.

3. CONSUMER PRICE INDEX

The index to be used for the purpose of calculating the Capital Value will be the All Groups Consumers Price Index as measured and published quarterly by Statistics New Zealand.

If the CPI is not published for any quarter or if publication is delayed until after the date when a Coupon Interest payment is determined, the CPI published for the previous quarter will apply in the interim. On subsequent publication of the actual CPI figure for that quarter, adjustment to the Capital Value and the Coupon Interest payments will be made at the next Coupon Interest Payment Date.

If Statistics New Zealand ceases to publish the CPI and publishes another index which is a replacement of the CPI, that replacement index will be used for the purposes of the Bonds.

If Statistics New Zealand ceases to publish the CPI without publishing a replacement index, or if any changes were to be made to the index which, in the opinion of the Minister of Finance, constituted a change materially detrimental to the interests of Bondholders, the Crown would inform the Bondholders and offer them the right to redeem their Bonds at market-related prices as determined by the Crown.

Repayment to Bondholders who exercise such a right will be on a date specified by the Crown no later than six months from the date of publication of the last CPI made prior to such a change. In these circumstances, a notice setting out administrative arrangements for redemption and payment will be sent to Bondholders by the Registrar. In the event that Bondholders choose not to redeem their Bonds under this provision, the quarterly adjustments to the Capital Value and Coupon Interest payments applying to Bonds not redeemed will be calculated according to an index to be announced by the Minister of Finance which will be deemed to be a replacement for the CPI.

If the reference base of the CPI is changed after Bonds are issued, the index used for the purposes of this Information Memorandum will be the CPI numbers expressed on the new base as published by Statistics New Zealand.

If a relevant CPI number is revised after the payment of Coupon Interest at a particular Coupon Interest Payment Date, a subsequent adjustment will be made to the Capital Value and Coupon Interest payments will be adjusted in accordance with clause 2.3.

4. FEES AND TAXATION

4.1 FEES

Registration, transfer, Coupon Interest payments, the Final Payment on Maturity, issue of certificates of title and certifications of transfers of Bonds will be made free of any fees, duty, charges, deductions or levy, except to the extent required by law or as provided in clause 4.2 of this Information Memorandum.

4.2 TAXATION

Taxation is likely to affect returns to Bondholders. Bondholders should consult a taxation advisor about the tax treatment of their investment.

RWT applies to payments of Coupon Interest and increases in the Capital Value in relation to Bonds held by a Resident or a non-Resident who holds Bonds in connection with a business that is carried on through a Fixed Establishment in New Zealand. RWT, in respect of both Coupon Interest and increases in Capital Value in each quarter, will be deducted from Coupon Interest payments unless the Bondholder has provided an RWT Exemption Certificate to the Registrar before the Record Date of the relevant Coupon Interest payment.

If a Coupon Interest payment to a Bondholder is less than the RWT that would otherwise be deducted from that Coupon Interest payment, then the amount of RWT deducted will be limited to the amount of the Coupon Interest payment and the Bondholder will be obliged to file a tax return as described in clause 4.3 of this Information Memorandum.

The RWT Rate depends on the nature of the Bondholder, whether the Bondholder has provided their IRD number to the Registrar and (where an IRD number has been provided) an election made by the Bondholder. Current RWT Rates are published on www.ird.govt.nz.

At the end of each income year in which a Coupon Interest payment is made to a Bondholder, the Registrar will provide the Bondholder with a RWT Withholding Certificate stating the amount of the RWT deducted from Coupon Interest paid to the Bondholder during that income year. The Registrar will also provide to any relevant person any certificate or statement required by law (including, without limitation, a RWT Withholding Reconciliation Statement to the Inland Revenue Department stating the amount of RWT deducted from payments, and whether that amount was limited by the amount of the Coupon Interest payment).

Where the Registrar is satisfied that the Bondholder is not a Resident and does not carry on business through a Fixed Establishment in New Zealand, unless the Bondholder advises the Registrar that NRWT should be deducted, the Issuer will pay Approved Issuer Levy on its own account and no NRWT will be deducted. If a Bondholder advises the Registrar that it does wish NRWT to be deducted then NRWT will be deducted from Coupon Interest payments in respect of both Coupon Interest and increases in Capital Value each quarter at the applicable rate.

If a Coupon Interest payment to a Bondholder is less than the NRWT in respect of that Coupon Interest payment and any increase in Capital Value, then the shortfall will be carried forward and deducted from successive Coupon Interest payments to that Bondholder until it is recovered. Any NRWT shortfall in respect of a Bondholder may be deducted from the Capital Value of the Bonds held by that Bondholder on the Maturity Date.

The NRWT rate will vary depending on any double-tax agreement between New Zealand and the Bondholder's country of residence. Current NRWT rates are published on www.ird.govt.nz. However, if the Bondholder holds the Bond jointly with a New Zealand Resident, NRWT will be deducted at the applicable RWT Rate.

The Issuer and the Registrar are entitled to rely upon information given by a Bondholder as to the Bondholder's residency and activities in New Zealand when making any withholding for RWT, NRWT or payment of Approved Issuer Levy or as otherwise required.

4.3 OBLIGATION TO FILE A TAX RETURN

If a Coupon Interest payment to a Bondholder is less than the RWT that would otherwise be deducted from the Coupon Interest payment then the Bondholder will have an obligation to file an income tax return with the Inland Revenue Department for the tax year in which the payment fell due.

In its income tax return, the Bondholder will have to return all of its income derived for the year, including income arising as a result of the Coupon Interest from, and increase in Capital Value of, the Bonds. The Bondholder will be able to claim a credit for the RWT deducted.

The situation described in this section could occur if there is a sustained period of high inflation causing a material increase in the Capital Value of Bonds. RWT applies to increases in the Capital Value of Bonds on a quarterly basis, even though no payment is made in relation to that increase until maturity of the Bonds. This means that the amount of RWT in relation to a Coupon Interest payment could be greater than that Coupon Interest payment, if it were not for the RWT being limited to the Coupon Interest payment.

5. ISSUANCE AND REPURCHASE METHODS

5.1 BOND ISSUANCE

Bonds may be issued by way of syndicated issue, tender, private placement or otherwise.

The Crown reserves the right to issue Bonds with the same Maturity Date and Coupon Interest Rate as any other Bonds already on issue, from time to time and whether by syndicated issue, tender, private placement or otherwise.

5.2 BOND REPURCHASES

The Crown or agencies of the Crown may, at any time, offer to purchase, beneficially, Bonds from any person. Bonds may be repurchased via tender, by reverse enquiry or otherwise. Any Bonds so purchased, may be lent, retained, sold or cancelled at the discretion of the Crown.

5.3 SETTLEMENT PRICE

For all Bonds issued by or repurchased by NZDMO, the settlement price will be calculated using the formula in clause 6.1 of this Information Memorandum.

6. REGISTRATION, SETTLEMENT AND TRANSFER

6.1 SETTLEMENT PRICE FOR BOND ISSUANCE AND BOND REPURCHASE

The settlement price for Bonds shall be calculated on a Yield basis using the following formula:

$$\text{SETTLEMENT PRICE} = \left(\frac{\frac{1}{(1+i)^n} + r \left[c + \frac{1 - \frac{1}{(1+i)^n}}{i} \right]}{(1+i)^{\frac{a}{b}}} \right) \left(\frac{K_t \left(1 + \frac{p}{100} \right)^{-\frac{a}{b}}}{100} \right) \times N$$

Where N = the Face Value of the Bond in Dollars

r = the annual Coupon Interest Rate divided by four hundred, ie. the quarterly Coupon Interest Rate (%)

i = the Yield divided by four hundred, ie. the quarterly yield (%)

c = where the Settlement Date is after the Record Date and up to, but not including, the next Coupon Interest Payment Date "c" has the value of 0, otherwise "c" has the value of 1

n = the number of full quarters between the next Coupon Interest Payment Date and the Maturity Date

a = the number of days from the Settlement Date to the next Coupon Interest Payment Date

b = the number of days in the quarter year ending on the next Coupon Interest Payment Date

K_t = the Capital Value of \$100 Face Value of Bonds at the next Coupon Interest Payment Date (whether or not there is a Coupon Interest payment due). On a Coupon Interest Payment Date "next" refers to the following Coupon Interest Payment Date.

$$= K_{t-1} \left[1 + \frac{p}{100} \right] \text{ where}$$

K_{t-1} = the Capital Value of \$100 Face Value of Bonds at the previous Coupon Interest Payment Date.

K_{t-1} is equal to 100.00 at the Coupon Interest Payment Date on or prior to the first issue of Bonds.

K_t and K_{t-1} are rounded to two decimal places

p = half the semi-annual change in the CPI ending in the quarter which is two quarters prior to that in which the next Coupon Interest Payment Date falls (for example, if the next Coupon Interest Payment Date is in March, p is based on the movement in the CPI over the two quarters ending in the September quarter preceding).

$$= \frac{100}{2} \left[\frac{CPI_t}{CPI_{t-2}} - 1 \right] \text{ rounded to two decimal places where}$$

CPI_t is the CPI for the second quarter for the relevant two quarter period, and

CPI_{t-2} is the CPI for the quarter immediately prior to the relevant two quarter period.

The settlement price will be rounded to the nearest cent (0.01 to 0.49 of a cent being rounded down and 0.50 to 0.99 of a cent being rounded up).

Settlements for any Bonds issued during the period from the Record Date up to, but not including, the Coupon Interest Payment Date will be on an ex-coupon interest basis. All other settlements will be on a cum-coupon interest basis.

6.2 SETTLEMENTS OF BOND ISSUANCE AND REPURCHASE

For further operational information about the physical settlement of issued or repurchased Bonds, please contact the NZDMO.

6.3 FORM OF BONDS

Bonds will be issued in Registered form, having a minimum Face Value amount of \$1,000,000 and multiples of \$1,000,000 thereafter.

Subsequent to the issue of Bonds the Bonds may be transferred to persons in parcels having a minimum Face Value amount of \$1,000 and multiples of \$1,000 thereafter. The issue of the Bonds will be effected and evidenced by particulars of the Bond being entered in the Register by the Registrar (in accordance with clauses 6.7 and 6.8 of this Information Memorandum).

6.4 REGISTRATION OF BONDS

Bonds may be held by individual persons, or two or more persons as joint tenants with right of survivorship. Organisations or trusts which are not incorporated should complete their applications in the full name(s) of the trustee(s). No notice of any trust in respect of any Bonds will be entered in the Register or receivable by the Registrar. Each Bondholder is to be regarded as the absolute beneficial owner of the Bonds Registered in its name and the NZDMO and the Registrar shall not be affected by any trust or other equity affecting any Bond, whether or not it is aware of the same.

If two or more persons apply to be Registered as Bondholders as tenants in common, the Registrar may, after receiving an application from either person and notifying the other person(s) of its intentions to do so, divide the Bonds into the share for which each person is expressed to be entitled and register each person as the holder of the Bonds representing the person's share. If the Bonds cannot be divided into shares, where the minimum is \$1,000 and a multiple of \$1,000, the Registrar may refuse to accept the application.

6.5 CERTIFICATES OF TITLE

On application by any Bondholder, the Registrar will issue to the Bondholder a certificate of title certifying that the Bondholder is the Registered holder of the Bonds as referred to therein.

The certificate of title will be evidence of the ownership of the Bonds to which it relates by the person named therein as the Bondholder.

The transfer, whether by delivery or otherwise, of any such certificate of title will not operate as a transfer of the legal interest of the Bondholder in the Bonds to which it relates. Any transfer of Bonds must be in such form as the Registrar prescribes and in accordance with clause 6.8 of this Information Memorandum.

The Registrar will enter in the Register particulars of the issue of every certificate of title to Bonds.

The Registrar will not record any transfer of ownership or repay any Bonds until the certificate of title has been cancelled.

Where any certificate of title to Bonds has been lost, destroyed, mutilated or rendered illegible, the Registrar, on receiving evidence to its satisfaction of the loss or destruction or, as the case may be, on the surrender of the mutilated or illegible certificate of title, may on such terms and subject to such conditions as the Registrar prescribes, issue a substitute certificate of title with the word "substitute" stamped or written thereon and will record the issue thereof in the Register.

Every such substitute certificate of title will have the same effect, to all intents and purposes, as the original certificate of title for which it was substituted.

6.6 NOTICES OF REGISTRATION/TRANSFER

Notices of registration for Bonds will be issued by the Registrar to the transferee following the registration of a transfer or issue of Bonds. These notices do not constitute a certificate of title, but merely advise the registration of the Bonds.

A notice will be issued by the Registrar to the transferor following the registration of a transfer of Bonds.

6.7 REGISTER

The Registrar shall enter in the Register the following particulars of every holder of Bonds:

- name and address of the Bondholder;
- Face Value of each Bond held and the adjustments for changes in the value of the Bonds due to movements in the CPI;
- Coupon Interest Rate payable on the Bonds;
- Coupon Interest Payment Dates of the Bonds;
- Maturity Date of the Bonds;
- such other particulars as may, from time to time, be required by the NZDMO; and
- such other particulars as may, from time to time, be considered necessary by the Registrar.

The Registrar may correct errors and remedy omissions in the Register and may call in any outstanding certificates of title for that purpose.

6.8 TRANSFER OF BONDS

The Bondholder may, by way of a form of transfer in such form as the Registrar prescribes, transfer to any other person all or any of the Bonds of which it is the holder. Transfers must be in multiples of \$1,000 and unless the transfer of Bonds results in a nil holding by the transferor, no transfer may be made if, as a result thereof, the Face Value of the Bonds Registered in the name of the transferor or the transferee would be less than \$1,000.

On production to the Registrar of a duly executed form of transfer accompanied by the certificates of title (if issued) and such other evidence as the Registrar may require to prove the authority of the persons signing the same to sign on behalf of the transferor, the Registrar will enter in the Register the name of the transferee as the Registered holder of the Bonds to which the form of transfer relates.

When the right to any Bond is acquired by any person in any manner other than by a form of transfer, the Registrar, on application by or on behalf of the person entitled, and on being satisfied that the person is entitled to be registered as the Bondholder, will enter the person in the Register as the holder of the Bonds.

Upon registration of a form of transfer or other assignment on the Register, the transferee will be recognised as entitled to the Bonds.

No transfer will be registered in the period from the Record Date immediately prior to the Maturity Date, to the Maturity Date.

6.9 CERTIFICATION OF TRANSFERS (MARKINGS)

The Registrar may, on the application of a Bondholder, certify on a form of transfer of Bonds that the person named therein as transferor is entered on the Register as the Bondholder. Any such certification will be at the sole discretion of the Issuer and may be subject to such conditions as the Registrar prescribes.

Where a form of transfer of Bonds has been certified under this clause, the Registrar may refuse to record any transfer of ownership of the Bonds until the form has been produced to the Registrar and the certification thereon cancelled, or the certification has expired by virtue of its conditions, or the Bonds have matured.

The Registrar will enter in the Register particulars of every form of transfer certified under this clause.

7. THE SECURITIES ACT 1978

The initial wholesale offer of Bonds is made solely to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. As a consequence, the wholesale offer does not constitute an “offer to the public” as defined under the Securities Act 1978 (“the Securities Act”) and is not subject to the provisions of that Act.

However, when any Bonds are offered to the public in New Zealand for the first time, the financial institution making the offer must do so in strict compliance with all applicable provisions of the Securities Act (or any act passed in substitution for that Act.)

For the purposes of the initial offer of Bonds to the public so described above, both the Crown and the financial institution making the initial offer to the public, will be deemed to be “issuers” for the purposes of the Securities Act. In particular (but without limitation of the other requirements of the Securities Act), such financial institutions must make any offers of Bonds to members of the public in accordance with sections 33(1)(a) and (b) of the Securities Act and must provide members of the public with a copy of the applicable Investment Statement before or at the same time as any offer of Bonds is made. When making such offers, financial institutions must also comply with the conditions specified in any Securities Act exemption notice issued in respect of the Bonds (in particular the Securities Act (Crown Wholesale Debt Securities) Exemption Notice 2004).

Parties to tenders and other issues of Bonds by the Crown must:

- (i) comply with the requirements of the Securities Act (or any act passed in substitution for that Act) and the conditions of any exemption notice issued in respect of such securities when on-selling Bonds to members of the public, as referred to above;
- (ii) not use any Investment Statement for the Bonds other than the current Investment Statement; and
- (iii) when on-selling Bonds to another financial institution or investment advisor, ensure that the purchaser is fully aware of the requirements referred to above.

Copies of the current Investment Statement for the Bonds are available on request from:

info@nzdmo.govt.nz or enquiry@computershare.co.nz.

The Crown reserves the right to update these documents at any time.

8. PAYMENTS ON MATURITY

Bonds are repaid in New Zealand Dollars.

The amount of the Bonds repayable on the Maturity Date will be the Capital Value of the Bonds on the Maturity Date less any deductions made on account of NRWT pursuant to clause 4.2 of this Information Memorandum ("Final Payment on Maturity").

On the Maturity Date the final payment of Coupon Interest will also be made.

If Bonds are held through NZClear:

- the final payment of Coupon Interest will be made to NZClear members who are the holders of the Bonds on the Record Date immediately prior to the Maturity Date by crediting the NZClear cash accounts of those holders; and
- the Final Payment on Maturity for all Bonds held through NZClear on the Record Date immediately prior to the Maturity Date will be made to NZClear. NZClear will credit the NZClear cash accounts of the NZClear members who, at the close of business on the Banking Day prior to the Maturity Date, are the holders of the Bonds.

For other Bondholders, the Final Payment on Maturity and final Coupon Interest payment will be made to the Bondholders Registered on the Record Date immediately prior to the Maturity Date. Payments will be made by crediting an account nominated by each Bondholder at any Registered Bank in New Zealand.

With regard to the repayment of the Bonds, the Registrar will accept written instructions from Bondholders provided they are received prior to the Record Date.

If bank account details have not been provided to the Registrar, the Final Payment on Maturity and final Coupon Interest payment will be withheld until account details have been provided. No additional interest will be paid on any amounts withheld.

Payment will be made on the Maturity Date but, if the Maturity Date is not a Banking Day, payment will be made on the next succeeding Banking Day without payment of additional interest.

Bonds are not repayable prior to the Maturity Date.

9. OTHER

9.1 GENERAL

No commission will be paid by the NZDMO on the Bonds issued or repurchased via tender however fees may be paid on syndicated offerings at the absolute discretion of the NZDMO.

The Bonds issued or repurchased in accordance with this Information Memorandum are “Stock” within the meaning of section 2 of the Trustee Act 1956.

9.2 BOND STRIPS

(Separate Trading of Registered Coupon Interest and Principal Securities)

Bond STRIPS will not be permitted in respect of the Bonds.

9.3 USE OF INFORMATION MEMORANDUM AND OTHER RELATED DOCUMENTS

This Information Memorandum (and other related documents such as the Investment Statement and Operating Rules and Guidelines) is intended for use only in connection with the offer to issue Bonds or to repurchase Bonds in New Zealand under New Zealand law and must not be distributed to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

9.4 MODIFICATIONS

The Issuer may, from time to time, modify, alter or update any of the terms of the Bonds and/or the conditions or provisions of this Information Memorandum without consent of the Bondholders if such modification, alteration or update:

- (a) is of a formal, minor, technical or administrative nature and is made to correct a manifest error;
- (b) is made to ensure compliance by the Issuer with any applicable law;
- (c) is necessary to ensure that the tenor or nature of the obligations imposed upon the Issuer in relation to the Bonds correspond with or do not conflict with the obligations imposed on the Issuer under or pursuant to any applicable statutory provision; or
- (d) is an appropriate and reasonable modification, alteration or update in all the circumstances in so far as they relate to the Bonds and the Issuer, provided that any such modification, alteration or update is in the Issuer’s opinion (which opinion shall be final and conclusive) not likely to have a material adverse effect on the Issuer or to be or become materially prejudicial to the general interests of Bondholders.

The Issuer may modify, alter or update the Investment Statement and other related documents such as the Operating Rules and Guidelines from time to time.

9.5 SELLING RESTRICTIONS IN OTHER JURISDICTIONS

Unless otherwise agreed with the NZDMO, any person or entity bidding or offering to buy Bonds, in a tender, syndicated issue or otherwise, represents as a term of the initial wholesale offer that he, she, or it is not in a jurisdiction that does not permit the making of an offer or invitation of the kind contained in this document and is not acting for the account or benefit of a person within such a jurisdiction. In addition, as a term of the offer, any person or entity bidding or offering to buy Bonds, in a tender, syndicated issue or otherwise, agrees that he, she or it will not offer, sell or deliver any Bonds or distribute any documents (including this Information Memorandum) to any person outside New Zealand except in accordance with all of the legal requirements of the relevant jurisdiction.

9.6 PRIVACY

Computershare Investor Services Limited, as Registrar and agent for the Crown and the NZDMO, collects and holds personal information about Bondholders for the purposes of administering this investment. This information may be disclosed to the Crown and the NZDMO. Bondholders may request access to any personal information held about them by contacting the Manager, Fixed Interest Registry on 0800 655 494 or (09) 488 8777. Bondholders may also request correction of any personal information held about them. Depending on the nature of a Bondholder's request, the Registrar may impose a charge for providing or correcting any personal information.

10. GLOSSARY OF TERMS

For the purposes of this Information Memorandum the following definitions apply.

Approved Issuer Levy	Has the meaning given to that term in Part 6B of the Stamp and Cheque Duties Act 1971.
Banking Day	Means a day not being a Saturday or Sunday on which Registered Banks are open for general banking business in Wellington, New Zealand.
Bondholder	Means, in respect of any Bond, the person whose name from time to time is entered in the Register as the holder of that Bond.
Bonds	Means the New Zealand Government Inflation-Indexed Bonds issued pursuant to this Information Memorandum.
Capital Value	Means the Face Value of a Bond adjusted for cumulative changes in CPI in accordance with the definition of Kt in clause 6.1 of this Information Memorandum.
Coupon Interest	Means the amount paid or due to be paid on a Bond on a Coupon Interest Payment Date in accordance with clause 2.2 of this Information Memorandum.
Coupon Interest Payment Dates	Means the date or dates on which Coupon Interest is to be paid on the Capital Value, as specified by the Issuer when a Bond is first issued, and includes the Maturity Date.
Coupon Interest Rate	Means the interest rate payable in respect of a Bond, expressed as a percentage per annum, as specified by the Issuer when the Bond is first issued and as recorded in the Register.
CPI	Means the All Groups Consumer Price Index as measured and published quarterly by Statistics New Zealand, or any replacement index published by Statistics New Zealand from time to time.
Crown	Means Her Majesty the Queen in right of New Zealand.
Dollars and \$	Means the lawful currency of New Zealand.
Face Value	Means the principal or par value amount of a Bond, unadjusted for changes in the CPI.
Final Payment on Maturity	Has the meaning given to that term in clause 8 of this Information Memorandum.
Fixed Establishment	Has the meaning given to that term in the Income Tax Act 2007 (as modified by any double taxation treaty to which New Zealand is a party).
Information Memorandum	Means this document.
Interest	Has the meaning given to that term in the Income Tax Act 2007.
Investment Statement	Has the meaning given to that term in the Securities Act 1978.
Issue Date	Means the date on which a Bond is issued.
Issuer	Means the Crown.
Maturity Date	Means the date, as specified by the Issuer when a Bond is first issued, on which that Bond will be repaid.

NRWT	Is an abbreviation of “non-resident withholding tax” and has the meaning given to NRWT in the Income Tax Act 2007.
NZClear	Means the NZClear system which is a real-time settlement system operated in New Zealand by the Reserve Bank of New Zealand.
NZDMO	Means the New Zealand Debt Management Office.
person	Includes an individual, firm, company, corporation or any state or government or any agency thereof (in each case, whether or not having separate legal personality).
Record Date	Means close of business on the 10th day before the relevant Coupon Interest Payment Date or the 10th day before the Maturity Date and if any such day is not a Banking Day means the preceding Banking Day.
Register	Means the Register of Bonds maintained by the Registrar and “Registered” in relation to a Bondholder means that the Bondholder is entered in the Register as a holder of Bonds.
Registered Bank	Has the meaning given to that term in the Reserve Bank of New Zealand Act 1989.
Registrar	Means Computershare Investor Services Limited acting as agent for the NZDMO or any other party nominated by NZDMO to act as agent.
Resident	Means a person defined as “resident in New Zealand” pursuant to the Income Tax Act 2007.
RWT	Is an abbreviation of “resident withholding tax” and has the meaning given to RWT in the Income Tax Act 2007.
RWT Exemption Certificate	Means an original or certified copy of an RWT exemption certificate issued under the Tax Administration Act 1994.
RWT Withholding Certificate	Means a certificate prepared in accordance with section 25 of the Tax Administration Act 1994.
RWT Withholding Reconciliation Statement	Means a statement prepared in accordance with section 51 of the Tax Administration Act 1994.
RWT Rate	Means the tax rate for resident withholding tax purposes as set out in the Income Tax Act 2007.
Settlement Date	Means the value date for transfer of ownership.
Tax	Means any tax, levy, duty, rate or tariff of any nature, including withholding taxes, which is imposed or collected by a government agency.
Yield	Means the rate of return expressed as an annual percentage.

In this Information Memorandum, any reference to legislation includes, where appropriate, a modification or re-enactment of that legislation or legislation passed in substitution for it. Any legislation referred to in this Information Memorandum can be found at www.legislation.govt.nz.

11. DIRECTORY

For Issuer information contact:

The Investor Relations Manager
New Zealand Debt Management Office
The Treasury
1 The Terrace
Wellington 6011
New Zealand

Tel: 64-4 917 6911

Fax: 64-4 472 2492

Or

PO Box 3724
Wellington 6140
New Zealand

Email: info@nzdmo.govt.nz

(Note that calls may be recorded for operational purposes)

For information relating to the issuance or repurchase of Bonds contact:

The Head of Portfolio Management
New Zealand Debt Management Office
The Treasury
1 The Terrace
Wellington 6011
New Zealand

Tel: 64-4 917 6071

Fax: 64-4 472 2492

Or

PO Box 3724
Wellington 6140
New Zealand

Email: NZDMOTender@treasury.govt.nz

(Note that calls may be recorded for operational purposes)

For registry information and general enquiries contact:

Bond Registrar:

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
159 Hurstmere Road
Takapuna, Auckland 0622

Bondholder Enquiries:

To change your address, add or change your bank account and to view your registered c
please visit;

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz

Private bag 92119, Auckland 1142

Telephone +64 9 488 8777

Facsimile +64 9 488 8787

Please assist our Registrar by quoting your CSN or shareholder number.